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**BEFORE THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE**

IN THE MATTER OF THE APPLICATION
OF SOUTHERN CALIFORNIA EDISON
COMPANY AND ITS ASSIGNEES IN
CONFORMANCE WITH THE
REQUIREMENTS OF ARIZONA REVISED
STATUTES SECTIONS 40-360.03 AND
40-360.06 FOR A CERTIFICATE OF
ENVIRONMENTAL COMPATIBILITY
AUTHORIZING CONSTRUCTION OF A
500kV ALTERNATING CURRENT
TRANSMISSION LINE AND RELATED
FACILITIES IN MARICOPA AND LA PAZ
COUNTIES IN ARIZONA ORIGINATING
AT THE HARQUAHALA GENERATING
STATION SWITCHYARD IN WESTERN
MARICOPA COUNTY AND
TERMINATING AT THE DEVERS
SUBSTATION IN RIVERSIDE COUNTY,
CALIFORNIA

) Docket No. L-00000A-06-0295-00130

) Case No. 130

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Arizona Corporation Commission

SOUTHERN CALIFORNIA EDISON COMPANY'S

DOCKETED

MAR 05 2007

NOTICE OF FILING ADVICE LETTER

DOCKETED BY

[Signature]

[Signature]

Pursuant to the request of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") at its February 28, 2007 hearing, Southern California Edison Company ("SCE") files the attached November 22, 2006, Advice Letter 2062-E. This Advice Letter was filed with the Public Utilities Commission of the State of California and is currently pending before that body. The attached Advice Letter relates to

1 feasibility studies for developing transmission to access and deliver output from
2 renewable resources. This currently pending Advice Letter will be amended to add
3 western Arizona as one of the study areas pursuant to the conditions adopted by the
4 Committee. There are two lengthy attachments relating to geothermal energy in areas
5 other than Arizona. SCE has not attached those exhibits, but they can found at the
6 following web sites:
7

8 Exhibit1: <http://www.energy.ca.gov/reports/500-04-051.PDF>

9 Exhibit 2: <http://www.westgov.org/wga/initiatives/cdeac/Geothermal-full.pdf>.

10 RESPECTFULLY SUBMITTED this 5th day of March, 2007.

11 LEWIS AND ROCA LLP

12
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14

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19 Attorneys for Southern California Edison Company

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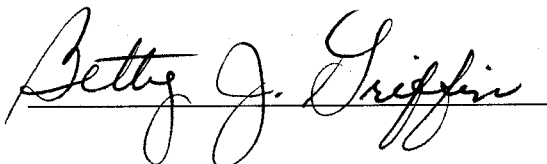
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SOUTHERN CALIFORNIA
EDISON

An EDISON INTERNATIONAL Company

Akbar Jazayeri
Vice President, Revenue and Tariffs

November 22, 2006

ADVICE 2062-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Southern California Edison Company's Request to Establish a Renewable Transmission Feasibility Study Costs Memorandum Account to Record Costs of Studying the Feasibility of Developing Transmission to Access and Deliver Output From Eligible Renewable Resources Located in Western Nevada, Inyo and Eastern San Bernardino Counties and the Salton Sea Area in California

PURPOSE

In this advice letter, Southern California Edison Company (SCE) requests authority to establish a Renewable Transmission Feasibility Study Costs Memorandum Account (RTFSCMA) to record up to \$6 million in costs associated with studying the feasibility of developing transmission capacity to deliver the output of renewable energy resources located in Western Nevada, Inyo and San Bernardino Counties and the Salton Sea area in California.

The revised tariff sheets are included as Attachment A.

OVERVIEW

California's Renewables Portfolio Standard (RPS) legislation requires Load Serving Entities (LSEs) to increase their procurement from renewable resources until at least 20 percent of their retail load is served by such resources. It is widely acknowledged that additional transmission capacity needs to be developed in order to access and deliver sufficient renewable output to meet the State's RPS goals. Much of the technically and economically renewable resource development potential exists in remote areas with little or no current transmission capacity.

Public Utilities (PU) Code Section 399.25, enacted as part of the RPS legislation, recognizes that the costs of developing certain transmission facilities necessary to facilitate meeting the State's RPS goals may not be recoverable in the Federal Energy Regulatory Commission (FERC) jurisdictional rates, and authorizes the California Public Utilities Commission (CPUC or Commission) to implement a "backstop" recovery mechanism through CPUC-jurisdictional rates.

In Decision (D.) 06-06-034, the Commission set forth the criteria for determining whether costs are eligible for such backstop rate recovery, and also set forth the rate recovery mechanism for such costs. Specifically, Section 399.25-eligible costs are to be recorded in a memorandum account and recovered in a later general rate case proceeding, if not granted rolled-in rate treatment at FERC. If such costs are granted rolled-in rate treatment at FERC, they would be removed from the memorandum account and included in the utility's Transmission Revenue Requirement (TRR) proceeding at FERC.

The Commission also recognized, however, that certain costs associated with advancing the RPS goals may not be eligible for Section 399.25 rate treatment because such costs do not result from the construction of *specific* transmission facilities, as required by Section 399.25. Such costs include studying the feasibility of high-voltage bulk-transfer transmission facilities to an area rich in renewable resources prior to the identification of a specific transmission path and work scope. In such instances, because no cost recovery mechanism exists pursuant to Section 399.25, the Commission authorized SCE to file an advice letter seeking to *record and recover* feasibility study costs, provided that SCE reasonably believes that once a *specific* transmission project has been identified, the cost of building the project (including planning, engineering, environmental surveying and construction) would be eligible for Section 399.25 backstop recovery. Specifically, the Commission stated that the "utilities may file an Advice Letter seeking approval to *record and recover* study and project development costs *prior to the filing of an application for § 399.25 cost recovery* for identified transmission projects. . ."¹

This advice letter seeks authority to record in the RTFSCMA² up to \$6 million in incremental Operations and Maintenance (O&M) costs, including outside consultant costs, to evaluate the feasibility of building three high-voltage bulk-transfer transmission facilities to four areas rich in renewable resources that currently require transmission facilities and as to which neither a route nor a specific renewable project has yet been identified. These costs will be incremental O&M costs that are not currently reflected in SCE's rates. The specific areas identified for study are discussed in detail below. Such studies would develop initial transmission facility project scopes, likely transmission paths, preliminary environmental surveys identifying potentially sensitive areas, and

¹ D.06-06-034, *mimeo*, at 30.

² Amounts recorded in the RTFSCMA will be reviewed by the Commission in SCE's annual Energy Resource Recovery Account (ERRA) Reasonableness of Operations application(s). After a finding of reasonableness of SCE's actual costs recorded in the RTFSCMA, SCE will transfer amounts from the RTFSCMA to SCE's Base Revenue Requirement Balancing Account (BRRBA) for rate recovery purposes.

utilization and cost estimates. Detailed descriptions of the studies, their scope, and their costs are discussed in Section 6, "Description of Study Scope And Cost," below.

PU Code Section 399.25(b) provides:

With respect to a transmission facility described in subdivision (a), the commission shall take all feasible actions to ensure that the transmission rates established by the Federal Energy Regulatory Commission are fully reflected in any retail rates established by the commission. These actions shall include, but are not limited to

(4) Allowing recovery in retail rates of any increase in transmission costs incurred by an electrical corporation resulting from the construction of the transmission facilities that are not approved for recovery in transmission rates by the Federal Energy Regulatory Commission after the commission determines that the costs were prudently incurred in accordance with subdivision (a) of Section 454.³

The feasibility study costs that SCE seeks to *record and recover* are not themselves eligible for Section 399.25 rate recovery (even though it is reasonable to believe that any costs associated with actual construction for any transmission facility identified by the studies would be) because feasibility study costs do not, by definition, result directly from the construction of specific transmission facilities. Indeed, these feasibility studies may or may not lead to the development of transmission facilities. Thus, SCE does not seek a finding in this advice letter that the *feasibility study* costs are eligible for Section 399.25 rate treatment. In the event that the feasibility studies lead to consideration and development of specific projects, however, SCE will file an additional advice letter seeking a finding of Section 399.25 eligibility for costs incurred going forward on those specific projects.⁴ Further, in the event that SCE proceeds to seek regulatory approval for a specific project, SCE will request a finding of Section 399.25 eligibility at the time that it applies for a CPCN.

Furthermore, feasibility study costs cannot be capitalized under generally accepted accounting principles. Accounting rules allow for capitalization of *direct costs*. However, the feasibility study costs proposed in this advice letter will be incurred *prior* to selecting a site and prior to committing to a specific project. Therefore, they must be

³ D.06-06-034, *mimeo* at 6-7 (emphasis added).

⁴ If the Commission grants a Certificate of Public Convenience and Necessity (CPCN), SCE will seek rate recovery of network facilities at FERC as various portions of the transmission facilities become operational. If FERC denies some or all of the costs of such facilities, SCE will seek recovery of the reasonable costs from the Commission under Section 399.25. The revenue requirement for bulk transfer generation-tie (Gen-Tie) facilities serving multiple generators are, in the words of Section 399.25(b)(4), "not approved for recovery in [general] transmission rates by the Federal Energy Regulatory Commission...." (Order on Petition for Declaratory Order, 112 FERC ¶ 61,014 (2005); Order Denying Rehearing, 113 FERC ¶ 61,143 (2005).) Therefore, as such facilities become operational, SCE will seek recovery under Section 399.25 of the residual revenue requirement not recovered from generators under FERC-approved transmission service rates.

expensed as they are incurred. Additionally, such costs are not defined as a component of construction costs in FERC Electric Plant Instruction #3 (18 CFR Part 101- Uniform System of Accounts).

It is reasonable to believe that the transmission facilities that may ultimately be identified as a result of these feasibility studies will be eligible for Section 399.25 backstop recovery because the renewable-rich resource areas identified in this advice filing will likely yield multiple projects that require transmission capacity increases exceeding the capacity requirements of any single renewable generation project located in the resource area. As the Commission stated in D.06-06-034:

[W]e remind parties that § 399.25 is intended to **supplement** the existing process in circumstances where that process impedes the development of transmission infrastructure necessary to facilitate the state's renewable energy goals. In our view, the scenarios under which the existing processes are likely to impede the development of transmission infrastructure to access renewable resources are largely limited to those circumstances where the economic expansion of transmission infrastructure requires capacity increases that exceed the transmission capacity requirements of a single renewable generation project. This occurs primarily, if not exclusively, in those situations where a large quantity of renewable resources are highly concentrated.⁵

Further, if SCE were to initiate CPCN-sufficient engineering and environmental studies, but the transmission projects were ultimately abandoned due to a complete change in the market or other unforeseen events negating the requirement for the transmission facilities, SCE would need Section 399.25 recovery because cost recovery at FERC would be uncertain, at best. If instead, the proposed facilities were to be gen-tie lines instead of network facilities, cost recovery at FERC would be highly unlikely. This situation is again clearly identified in D.06-06-034:

Utility willingness to provide up-front funding for transmission upgrades is understandably contingent on some level of assurance that the costs incurred can be recovered. Under existing FERC rules, the costs of network upgrades are eligible for recovery from all transmission customers through the Transmission Access Charge (TAC), whether initial financing is provided by the generator or by the utility. In circumstances where the proposed network upgrade will expand capacity to support additional projects that have yet to manifest, the utilities may be reluctant to assume the costs of these upgrades for fear that they will not be approved by the FERC for cost recovery in the event of "abandonment," or not being used by future generators.⁶

⁵ D.06-06-034, *mimeo* at 23, (emphasis added).

⁶ *Id.*, *mimeo*, at 12 (citation omitted).

If this advice letter is approved, SCE will be authorized to record its actual renewable transmission-related feasibility-related study costs up to \$6 million in the RTFSCMA.⁷

1. California's Renewables Portfolio Standard

California's RPS legislation, codified at PU Code Section 399.11, *et seq.*, requires certain LSEs, such as SCE, to increase their procurement from eligible renewable resources (ERRs) so that 20 percent of their retail load is served by such resources by 2010.⁸ In addition to the RPS legislation, the Governor has directed the State's agencies to review the feasibility of reaching 33 percent renewables by 2020. The Commission has directed the investor owned utilities (IOUs) to include a scenario that contemplates reaching 33 percent renewables by 2020 in their long term procurement plans.⁹ Exploring the feasibility of transmission to access resource-rich, but transmission-constrained, renewable areas is a critical component of that planning scenario.

In accordance with State goals, SCE is aggressively pursuing the procurement of renewable resources. However, it is becoming increasingly commonplace for most of the bids received in SCE's RPS solicitations to be for development of projects that require significant upgrades of existing transmission facilities or the addition of new transmission facilities in order to be delivered within the meaning of the RPS legislation. Although major efforts are underway to provide transmission access to meet the needs of developers and LSEs in some areas – most significantly the Tehachapi Wind Resource Area – these efforts alone may not be sufficient to deliver the volume of energy necessary for the State to meet its RPS goals.

2. CPUC Decision Regarding Renewable Transmission

In D.06-06-034, the Commission set forth the criteria for determining whether costs are eligible for Section 399.25 backstop rate recovery, and also set forth the rate recovery mechanism for such costs. Specifically, Section 399.25-eligible costs are to be recorded in a memorandum account and recovered in a later general rate case proceeding, if they are not granted rolled-in rate treatment at FERC.¹⁰ If such costs are granted rolled-in rate treatment at FERC, they would be removed from the memorandum account and included in the IOU's TRR proceeding at FERC. If such

⁷ Amounts for similar work are normally recovered through the General Rate Case (GRC), in that they are reflected in SCE's revenue requirement request. However, because the circumstances which made these feasibility studies necessary arose after SCE's 2006 GRC was well underway, SCE did not include the estimated costs of these studies in its forecast of expenses in the 2006 GRC application.

⁸ As originally enacted, the RPS legislation required LSEs to reach the 20 percent goal by 2017. SB 107 (Simitian, 2006), signed by Governor Schwarzenegger on September 26, 2006, accelerates the goal to 2010. SB 107 becomes effective on January 1, 2007.

⁹ Assigned Commissioner's Ruling And Scoping Memo On The Long-Term Procurement Phase Of R.06-02-013, dated Sept 25, 2006, p. 18.

¹⁰ D.06-06-034, *mimeo*, at 31-32.

costs are not granted rolled-in rate treatment by FERC, then, subject to reasonableness review, the Commission would authorize the IOU to transfer the costs to its BRRBA.

In the same decision, the Commission also recognized that certain costs associated with developing transmission capacity to facilitate the RPS goals may not be eligible for Section 399.25 rate treatment because such costs do not result from the construction of a specific transmission facility. Such costs include studying the feasibility of high-voltage bulk-transfer transmission facilities to an area rich in renewable resources prior to a specific project being identified. In such instances, the Commission authorized utilities to file advice letters seeking to *record and recover* feasibility study costs, provided that a reasonable belief has been established that once a specific project is identified, the cost of building the project (including planning, engineering, environmental surveying and construction) would be eligible for Section 399.25 backstop recovery. Specifically, D.06-06-034 provides that:

[U]tilities may file an Advice Letter seeking approval to **record and recover study and project development costs prior to filing of an application for Section 399.25 cost recovery** for identified transmission projects that meet the two eligibility criteria set forth in this Decision. The Advice Letter shall clearly identify the environmental, engineering and permitting studies necessary to the determination of viability of the proposed transmission facilities and the estimated costs of those studies. The Advice Letter shall be served on the service list for this proceeding. **A utility may make this filing when it reasonably believes that Section 399.25 cost recovery may be necessary in order to build the transmission facilities and such facilities are needed to meet the 20% RPS goal.** If the Advice Letter is approved, the utility may **record and recover** reasonable pre-application study costs even if the transmission project itself is ultimately not approved for cost recovery or constructed.¹¹

3. Recently Identified Renewable Resource Rich Areas

Two recent studies¹² have identified significant renewable resources in areas where there are currently no significant transmission paths. These include: (i) Western Nevada; (ii) Inyo County, California; (iii) the Salton Sea area in Imperial County, California; and (iv) Eastern San Bernardino County, California. Development of these resources may be necessary to meet and maintain California's current RPS goal of 20 percent. If a 33 percent RPS goal is adopted by the Commission, it may be essential to construct transmission facilities to these areas.

¹¹ *Id.*, mimeo, at 30-31 (emphasis added).

¹² California Energy Commission (CEC) PIER Report, *New Geothermal Site Identification And Qualification*, prepared by Geothermex, Inc. (CEC-P500-04-051, April 2004) (PIER Report); Western Governors Association Geothermal Task Force Report, *Clean and Diversified Energy Initiative*, (January 2006) (Task Force Report). SCE requests the Commission to take official notice of these documents, which are attached to this advice filing as Exhibits 1 and 2.

A. Western Nevada and Inyo County, California

The PIER report estimates that there are approximately 275 MW of new "economic" geothermal resources in the northern portion of Inyo County, California, (Coso/Mammoth Lakes area) and approximately 700 MW of new "economic" geothermal resources in Western Nevada. Similarly, the Task Force Report identifies the near-market economic potential for the same areas as 450 MW and 1,000 MW respectively. Figure 1 from the PIER Report on the next page, illustrates the general locations of these untapped resources.

B. Salton Sea, California

The PIER Report estimates the amount of "economic" geothermal resources in the Salton Sea area at nearly 1,700 MW. Similarly, the Task Force Report identifies 1,300 MW in the Salton Sea/Brawley/Niland area. See Figure 1, below.

C. Central/Eastern San Bernardino County, California

SCE and Stirling Energy Systems are parties to a contract that provides for development of a solar project with a contract capacity between 500 and 850 MW. This project is expected to interconnect at the Pisgah Substation. Further, two additional solar projects have entered the CAISO interconnection queue for a total of 2,000 MW at the same location. Based on these interconnection requests, it is evident that there is substantial solar potential in this area. The CEC Staff Paper, *Developing Cost-Effective Solar Resources with Electricity System Benefits In Support Of The 2005 Integrated Energy Policy Report*, (CEC-500-2005-104, June 2005), also concluded that there was a significant amount of Concentrating Solar Power potential in San Bernardino County alone.

Figure 1



Table 7 from the Staff Paper is reproduced below.

Table 7: CSP Economic Potential at County Level (7.0 kWhr/m²-day)

County	Suitable Area (m2)	Solar Capacity (MW)	Energy (25% CF) (GWhr/yr)	Energy (55 CF %) (GWhr/yr)
INYO	112,500,000	5,561	12,179	26,793
KERN	929,920,000	45,967	100,669	221,471
LOS ANGELES	340,980,000	16,855	36,913	81,208
RIVERSIDE	101,180,000	5,001	10,953	24,097
SAN BERNARDINO	1,668,920,000	77,554	169,844	373,656
Totals:	3,053,500,000	150,939	330,557	727,225

If only 10 percent (between 5,000 and 10,000 MW) of that potential were developed, substantial new transmission facilities would be necessary.

4. Existing Transmission System Adequacy

The current transmission system is inadequate to transmit substantial quantities of renewable energy from the Western Nevada, and Inyo and Eastern San Bernardino Counties and the Salton Sea area of California. Generally, these are remote areas that have little or no existing transmission infrastructure. To the extent that any transmission facilities exist in these areas, they would require substantial upgrades to accommodate even moderate increases in output, let alone incremental production at the levels indicated in the PIER Report and the Task Force Report.

Development of resources in these areas would necessarily require the construction of new regional transmission facilities to enable delivery of such renewable power to California. While the potential for renewable energy may be great, there are also substantial costs and risks associated with investing in renewable resources. A very preliminary estimate suggests that while projects located in these areas could supply California with as much as 15,000 GWh/year of energy, they will require significant transmission investment. There are a number of other complexities and issues that must be addressed, including an assessment of the new transmission capacity that will be required to carry the new generation output, with numerous possible options for routing, technology, and optimal operation of the line(s). New transmission capacity will have to be sited and built within Nevada and Imperial Irrigation District (IID) as well.

5. Transmission to Access These Areas Would be Eligible for Public Utilities Code Section 399.25 Backstop Recovery

In D.06-06-034, the Commission identified the following criteria for eligibility for Section 399.25 cost recovery,

Transmission facilities that meet one of the following criteria are eligible for Section 399.25 cost recovery: (1) new high, voltage, bulk-transfer,

transmission facilities, whether classified as network or gen-tie, that are designed to serve multiple RPS-eligible generators where the amount of added transmission capacity will likely be utilized by RPS-eligible generation projects to meet the state-mandated RPS goal, or (2) network transmission facilities that are required to connect an RPS-eligible resource that is necessary for the achievement of RPS goals and that has an approved power purchase contract.

As indicated in the PIER Report and the Task Force Report, the areas identified above provide the potential for multiple renewable generators. The transmission facilities for which SCE seeks authority to perform feasibility studies would ultimately be designed to serve these renewable resources in order to meet the State's RPS goals. Therefore, if these facilities are ultimately built, they would meet the Section 399.25 eligibility criteria established by the Commission.

6. Description of Study Scope and Cost

The studies, for which SCE is requesting funding of up to \$6 million in incremental O&M, including the cost of external consultants, will be divided into three feasibility studies as described below.

A. Western Nevada / Inyo County, California Transmission Feasibility Study

This study will consider the upgrades of the existing path from the Lugo Substation, northward through the existing Kramer and Inyokern substations to the existing Control Substation. Additionally, the study would consider the development of a new transmission line of as-yet-undetermined voltage between Control and Western Nevada to a new substation in the center of the western Nevada geothermal resource area. One likely option may involve substation upgrades, including the installation of a new 500 kV substation at Kramer, new 230 kV substations at Inyokern and Control, and the expansion of Lugo or construction of a new substation near Lugo if expansion is not feasible. In addition, upgrades could include a new 500 kV transmission line between Lugo and Kramer, new 230 kV transmission lines between Kramer and Control. SCE intends to explore multiple possible solutions for transmitting power in this corridor from western Nevada and Inyo County to Southern California load centers.

B. Salton Sea Area Transmission Feasibility Study

This study will consider the upgrades of the existing path from the Devers Substation, southward through the existing Mirage Substation. Possible transmission upgrades in this area may include a new 500 kV transmission line between Devers Substation and the new substation site, new 230 kV transmission lines from the substation site to the various geothermal sites and possible transmission line upgrades west of Devers if upgrades associated with DPV2 are found to be insufficient. It appears that substation upgrades including the construction of a new 500 kV substation near the border of Riverside and Imperial Counties or at a central geothermal location near the Salton Sea

and the expansion of the Devers substation are needed. SCE intends to research numerous solutions for transmitting power in this corridor to Southern California.

C. Eastern San Bernardino County Transmission Feasibility Study

This study will consider the upgrades of the existing path from the Lugo Substation, eastward through the existing Pisgah Substation. One likely option currently under consideration may involve substation upgrades including the construction of a new 500 kV substation at Pisgah and the expansion of Lugo or construction of a new substation near Lugo if expansion is not feasible. This option would also include construction of a new 500 kV transmission line between Lugo and Pisgah and existing 500 kV line rearrangements near Pisgah for the first 850 MW. A second new 500 kV transmission line to Pisgah, possibly in a different corridor, would be required in order to accommodate resource levels beyond 850 MW. In addition, upgrades could be necessary to increase the total south of Lugo/ south of Vincent capability beyond that which may be included as part of the Tehachapi Transmission Plan. SCE intends to explore many possible solutions for transmitting power in this corridor to Southern California.

D. Required Studies and Costs

The studies will cover transmission planning and preliminary environmental surveys for each of the identified regions. SCE anticipates recording the following categories of costs in the RTFSCMA prior to making a determination to proceed with preliminary engineering and environmental studies that would be eligible for Section 399.25 rate treatment:

Transmission Planning

I. Need identification

- Analyze proposed projects and their alternative configurations based on:
 - ability to meet RPS requirements, and
 - providing regional economic benefits
- Alternative configurations to study will include:
 - Consideration and coordination of proposed interconnection points for projects
 - Coordination of in-service dates for the projects as whole or their various components, as appropriate
 - Consideration of different voltage levels, as appropriate
- Thorough review of identified alternatives before selecting those that should be studied

II. Reliability Studies

- Determine set of regional reliability criteria and study individual/combined projects for meeting set of criteria
- Set up study scenarios based on meeting reliability criteria
 - Select relevant system topology and load/resource mix based on latest information
- Select alternative project configurations to be studied
 - Consider alternatives including those identified in earlier RPS studies
 - Study new alternatives
 - Develop conceptual costs of new alternatives
- Perform WECC Path Rating Studies to ensure projects, modifying existing WECC defined paths, do not result in adverse impacts to the path rating.

III. Economic Studies

- Determine impacts on import entitlements for each alternatives and possible mitigations as appropriate
- Develop stages for build-out of alternatives
- Develop economic cost comparison of alternatives, including present worth cost and benefits analysis

IV. Meeting RPS Requirements

- Review the ability of individual/combined projects in providing access to renewable resources across the region based on careful review of planned renewable resources in various parts of the affected areas
- Select alternative project configurations to be studied for integration of planned renewable resources and review staging requirements for transmission development, as appropriate

Preliminary Environmental Surveys

I. Biology

- Perform literature searches to identify sensitive biological areas
- Initiate limited field work for sensitive biological areas

II. Cultural Resources

- Perform a literature search to identify potentially sensitive areas
- Initiate limited field work to sensitive areas

The total cost for the studies could range from \$500,000 to \$1,500,000 for the transmission planning studies and \$1,500,000 to \$4,500,000 for the environmental surveys. Such studies would develop initial transmission facility project scopes, likely transmission paths, preliminary environmental surveys identifying potentially sensitive areas, and utilization and cost estimates.

7. Cost Recovery Mechanism

SCE proposes that the incremental O&M costs associated with the required studies regarding transmission to accommodate renewable power from the areas described above, up to a limit of \$6 million, be recorded in the RTFSCMA. Amounts, plus interest, recorded in the RTFSCMA would be removed should any such amounts be disallowed for rate recovery purposes by the Commission (e.g., any amounts found to be unreasonably incurred).¹³

EFFECTIVE DATE

This advice filing will require the issuance of a resolution by the Commission. Therefore, SCE requests that this advice filing become effective on the date that a final resolution is issued by the Commission.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received by the Energy Division and SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: inj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice filing should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
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Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

¹³ In its 2006 GRC filing, SCE did not request any specific costs related to feasibility studies pertaining to connecting renewable generation. It should be noted, however, that SCE requested \$224,000 of increased consulting costs for the QF Resources Department, anticipating an expected need for supplemental resources due to new renewable procurement activities. Ultimately, the Commission rejected SCE's request for increased consulting costs. D.06-05-016, FOF # 106.

November 22, 2006

Bruce Foster
Senior Vice President of Regulatory Operations
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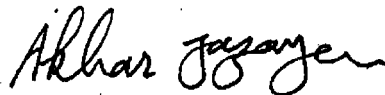
There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-A and I.05-09-005 service lists. Address change requests to the GO 96-A service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-2930. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Gary Allen at (626) 302-9612 or by electronic mail at gary.allen@sce.com.

Southern California Edison Company



Akbar Jazayeri

AJ:ga:sq
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)		
Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)		
Utility type: <input checked="" type="checkbox"/> ELC <input type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: James Yee Phone #: (626) 302-2509 E-mail: James.Yee@sce.com	
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water		(Date Filed/ Received Stamp by CPUC)
Advice Letter (AL) #: 2062-E		
Subject of AL: Southern California Edison Company's Request to Establish a Renewable Transmission Feasibility Study Costs Memorandum Account to Record Costs of Studying the Feasibility of Developing Transmission to Access and Deliver Output From Eligible Renewable Resources Located in Western Nevada, Inyo and Eastern San Bernardino Counties and the Salton Sea Area in California		
Keywords (choose from CPUC listing): Memorandum Account		
AL filing type: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annual <input checked="" type="checkbox"/> One-Time <input type="checkbox"/> Other		
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:		
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:		
Summarize differences between the AL and the prior withdrawn or rejected AL ¹ :		
Resolution Required? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Requested effective date: On the date a final Commission resolution is issued.		No. of tariff sheets: -3-
Estimated system annual revenue effect (%):		
Estimated system average rate effect (%):		
When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).		
Tariff schedules affected: Preliminary Statement Part N, Table of Contents		
Service affected and changes proposed ¹ :		
Pending advice letters that revise the same tariff sheets: 1965-E		

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

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Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jnj@cpuc.ca.gov

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Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41716-E Revised 41717-E	Preliminary Statement Part N Preliminary Statement Part N	Revised 40604-E*** Revised 40709-E
Revised 41718-E	Table of Contents	Revised 41531-E



Southern California Edison
Rosemead, California

Revised Cal. PUC Sheet No. 41716-E
Cancelling Revised Cal. PUC Sheet No. 40604-E***

PRELIMINARY STATEMENT

Sheet 2

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

<u>Section No.</u>	<u>Specified Project</u>	<u>Interest Bearing Memorandum Account*</u>	
(1)	Purpose – Not a Specified Project		
(2)	Definitions – Not a Specified Project		
(3)	Self-Generation Program Incremental Cost (SGPIC) Memorandum Account	Yes	
(4)	Catastrophic Event	Yes	
(5)	Reliability Costs Memorandum Account (RCMA)	Yes	
(6)	Bill Format Modification Memorandum Account (BFMMA)	Yes	
(7)	Not Used.		
(8)	Result Sharing Memorandum Account (RCMA)	Yes	
(9)	Mass Media Campaign Memorandum Account (MMCMA)	Yes	
(10)	Research, Development, and Demonstration Royalties	Yes	
(11)	Distributed Generation Implementation Cost Memorandum Account (DGICMA)	Yes	
(12)	Advanced Metering and Demand Response Memorandum Account (AMDRMA)	Yes	
(13)	California Power Exchange Wind-Up Charge Memorandum Account (PXWUC)	Yes	
(14)	Income Tax Component of Contribution Memorandum Account	Yes	
(15)	Not Used		
(16)	DWR Franchise Fee Obligation Memorandum Account	Yes	
(17)	Renewable Transmission Feasibility Study Cost Memorandum Account (RTFSCMA)	Yes	(N)
(18)	Quarterly Compliance Filings Audit Expense Memorandum Account (QCFAEMA)	Yes	
(19)	Electric Energy Transaction Administration Memorandum Account	Yes	
(20)	Distributed Energy Resources Memorandum Account (DERMA)	Yes	
(21)	Nuclear Claims Memorandum Account (NCMA) Memorandum Account (DFG Memorandum Account)	Yes	
(22)	Voluntary Power Reduction Credit Program Memorandum Account	Yes	
(23)	Power Exchange Credit Audit Memorandum Account (PXCA) Memorandum Account (CTCE Memorandum Account)	Yes	
(24)	Block-Forward Market Memorandum Account (BFMMA)	Yes	
(25)	PBR Distribution Revenue Sharing Memorandum Account	Yes	
(26)	PBR Distribution Rate Performance Memorandum Account (PDRPMA)	Yes	
(27)	Energy Efficiency DSM (EEDSM) Memorandum Account	Yes	
(28)	Energy Settlements Memorandum Account (ESMA)	Yes	
(29)	Affiliate Transfer Fee Memorandum Account	Yes	
(30)	Rate Reduction Bond Memorandum Account (RRB Memorandum Account)	Yes	
(31)	Independent Evaluator Costs Memorandum Account (IECMA)	Yes	
(32)	Agricultural Line Extension Costs Memorandum Account (ALECMA)	Yes	
(33)	Not Used		

* Interest shall accrue monthly to interest-bearing Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balance.

(Continued)

(To be inserted by utility)

Advice 2062-E
Decision _____

205

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed _____
Effective _____
Resolution _____



Southern California Edison
Rosemead, California

Revised Cal. PUC Sheet No. 41717-E
Cancelling Revised Cal. PUC Sheet No. 40709-E

PRELIMINARY STATEMENT

Sheet 21

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

17. Renewable Transmission Feasibility Study Costs Memorandum Account (RTFSCMA) (N)

The purpose of the Renewable Transmission Feasibility Study Costs Memorandum Account (RTFSCMA) is to record SCE's incremental transmission-related feasibility study costs associated with geothermal generated and other renewable electric power in western Nevada, Inyo County, Salton Sea, and eastern San Bernardino County

1. Operation of the RTFSCMA

Entries to the RTFSCMA shall be made monthly as follows:

- a. A debit entry to record SCE's incremental transmission-related feasibility study costs associated with geothermal-generated and other renewable electric power in the geographical areas listed above;
- b. A debit entry to record interest expense by applying one-twelfth of the Federal Reserve's three-month Commercial Paper Rate – non-financial, from the Federal Reserve's Statistical Release H.15 (expressed as an annual rate) to the average monthly balance in the RTFSCMA. If a non-financial rate is not published by the Federal Reserve in a given month, SCE shall use the Federal Reserve's three-month commercial paper rate – financial.

2. Disposition of Amounts Recorded in the RTFSCMA

Disposition of amounts recorded in the RTFSCMA shall be determined by the Commission in an Energy Resource Recovery Account (ERRA) Reasonableness of Operations proceeding.

(N)

(Continued)

(To be inserted by utility)

Advice 2062-E
Decision _____

2105

Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed _____
Effective _____
Resolution _____



Southern California Edison
Rosemead, California

Revised Cal. PUC Sheet No. 41718-E
Cancelling Revised Cal. PUC Sheet No. 41531-E

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Sheet No.

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Issued by
Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

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